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VOL. CLIII NO. 86 Tuesday, May 3, 1988 153rd Year

Today

A Pennsylvania congressman believes the Federal Asset Disposition Association is unconstitutional. Rep. Paul E. Kanjorski, one of several House Democrats seeking to abolish the association, is considering a court challenge to the controversial unit of the Bank Board. —2

An investigation into what caused the collapse of Colorado's industrial banks is focusing on the failure of state examiners to detect and correct problems. The criticism is centered on an understaffed Colorado Division of Banking and Richard B. Doby, who resigned as the division's commissioner — a $58,000-a-year post — at the request of Gov. Roy Romer. —2

Legislation paving the way for the merger of Mercantile Bancorp. and Centerre Bancorp., both of St. Louis, is expected to reach Missouri Gov. John D. Ashcroft this week. Missouri law now restricts a bank holding company to a 13% share of all bank deposits in the state. The bill, which has passed both the House and the Senate, would expand the deposit base to include accounts at savings and loans and other federally insured financial institutions. —2

Robert D. Mettlen, a former top official of the Federal Home Loan Bank of Dallas, reportedly has agreed to repay some $3,000 he received in 1985 for the sale of stock in Lamar Savings Association, Austin, Tex., an insolvent thrift. The agreement settles his part of a civil suit filed by current management that names 30 former officers and directors. —2

Banca Commerciale Italiana reversed its position and increased the total value of its bid for Irving Bank Corp. The Milan-based bank said it would purchase about 51% of Irving's outstanding stock, up from its original offer of about 45%. —3

The weekly listing of financial services stocks features regional industry groups and price indexes. — 14

In the News —3
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CORPORATE FINANCE

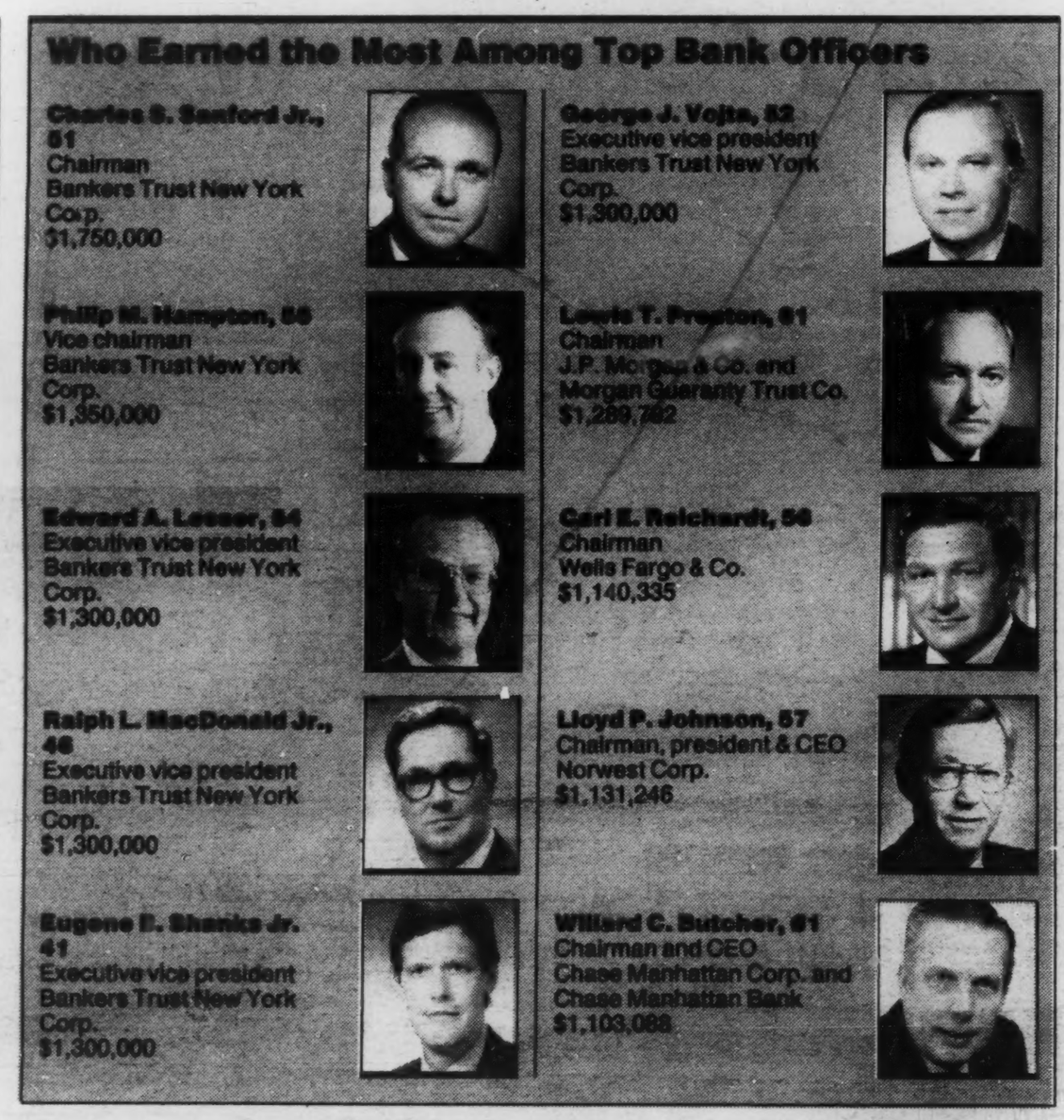
New Jersey bankers are enjoying a strong commercial loan market, and they expect a growth rate of about 9% to 10% this year. The lenders' primary targets are middle-market companies, including both smaller manufacturers and service firms, with annual sales ranging from $5 million to $500 million. —6

Standard & Poor's is developing a credit rating system for leveraged buyout deals designed to provide investors with a more comprehensive package of financial information than a simple letter rating. —6

Worth Repeating

This is too little too late.... I don't get the impression that BCI is all that anxious to own Irving.

Lawrence Cohn, who follows New York banking for Merrill Lynch & Co., on Banca Commerciale Italiana's higher bid. [Page 3]



Bankers Trust Paid Top Execs The Most in '87

Firm Had Top 6 Earners In US; Sanford Was No.1

By KENNETH J. HICKS

NEW YORK — Bankers Trust New York Corp. swept the top rankings in executive compensation in 1987, according to the *American Banker's* annual survey.

The money center bank not only moved into the top spot in total remuneration for its top two executives, but it also boasted the six highest-paid bankers in the United States.

On average, the company's top executives pulled down about $1 million in 1987, more than double the compensation of their counterparts at J.P. Morgan & Co., New York.

Meanwhile, several companies that suffered big losses last year fell to their lowest ranking in the 15 years the *American Banker* has been tracking remuneration at banking companies.

Overall, however, the 50 banking firms that pay their two highest executives the most have increased that compensation 4% since 1986. Nineteen of the companies listed in today's tables reported double-digit increases in executive compensation, though only seven had an increase in return on average equity from 1986.

These are some of the findings of the *American Banker*'s annual survey of remuneration of the two highest-paid officers at each of the 50 banking compa-

Bankers Trust: Page 11 ➡

Ranking of Banks by Executive Salaries
Tables Begin on Page 8

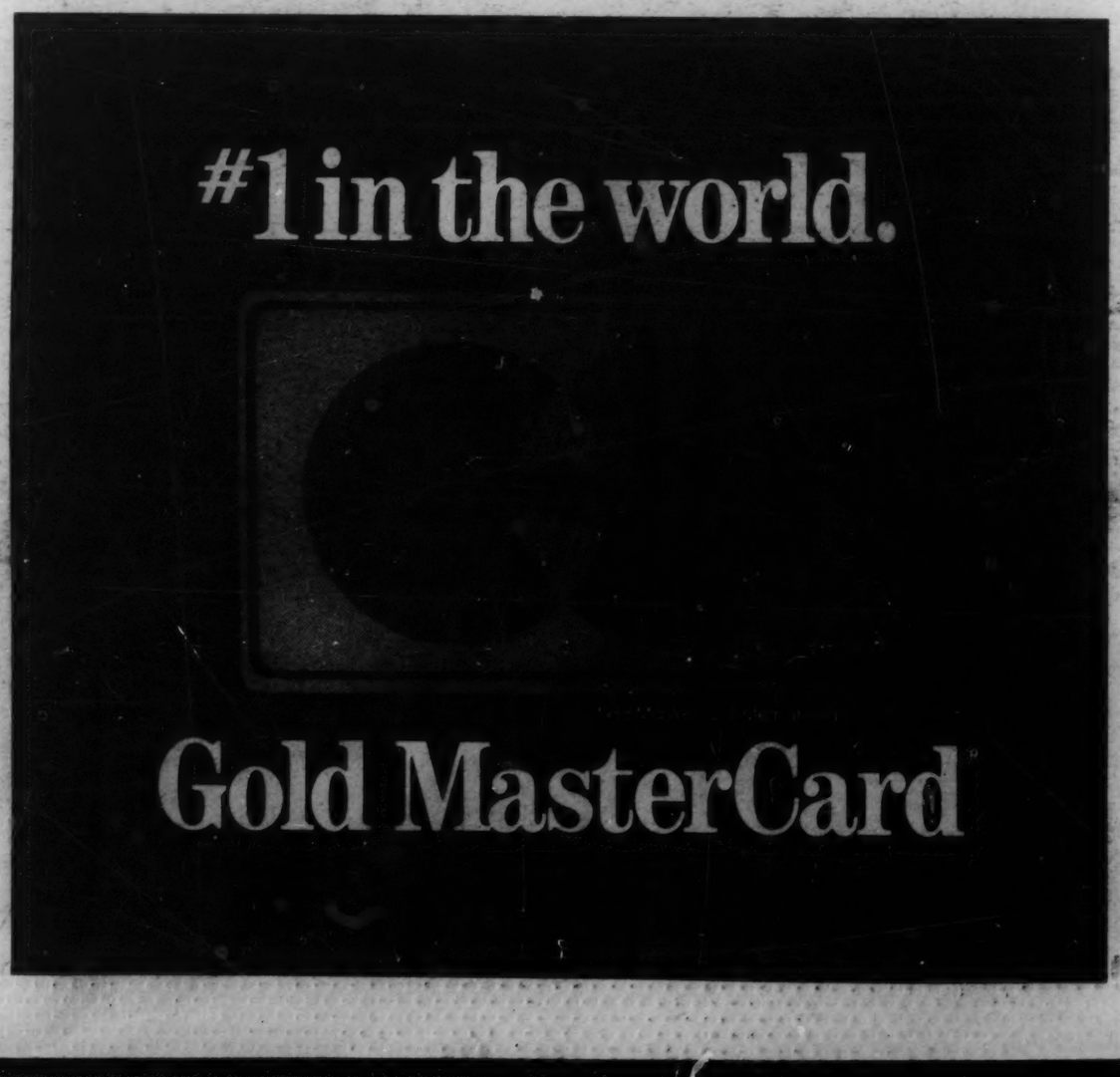
Random Thoughts

By SANFORD ROSE

Just a few short years ago, branch deposits were so valuable that expense levels could remain absurdly high. In 1981, the typical bank branch made a net interest margin plus fees equal to 10 cents per dollar of deposits. Otherwise stated, the branch could incur expenses — the cost of running the branch and processing its deposits — of just under 10% of deposits and still turn a profit: i.e., make a contribution to fixed overhead.

As interest rates fell, the credit for branch deposits dropped correspondingly, lowering the breakeven expense level. By 1986, the breakeven level of noninterest branch expenses had fallen from 10% to 3%.

Random Thoughts: Page 4 ➡



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→ Continued from Page 1

With a drop in the earnings credit, branches had to generate many more deposits in order to remain cost effective. In 1981, branches that garnered as little as $1 million to $5 million in deposits were still economic. By 1986, the size of the cost-effective branch had increased to about $20 million to $25 million.

Now suppose interest rates start rising again — as many expect. Won't branch margins and breakeven expense levels also begin moving up, obviating the need for many branch closings and for draconian expense-reduction programs?

Not as much as some bankers think, says Booz-Allen & Hamilton. As rates increase, consumers will shift a higher percentage of funds from low- or no-interest accounts like DDAs, NOWs, and passbooks to more rate-sensitive vehicles, such as MMDAs.

The value of the remaining hoard of low-interest deposits will obviously increase, but the amount of these deposits will drop. Branch net interest margins will indeed rise, but only a little.

According to BAH projections, if the federal funds rate rises to 10% by 1990, branch margins will increase from 3% to just over 4%. This would lower the size of the cost-effective branch from, say, $21 million to around $10 million to $12 million. But some 40% of the nation's bank and thrift branches would still be nonviable.

Upshot: Retail executives can't look to rising rates to bail them out. Because of likely shifts in the deposit mix, the halcyon days of the early '80s will not recur. There is no alternative except to reconfigure branch networks and embark on thoroughgoing campaigns of branch rationalization.

□ □ □

The recently released ABA study of delivery system economics, authored by Booz-Allen, contains an intriguing section on ATM economics. The consultant stratifies ATM costs into three types: systemwide costs (costs that must be incurred to provide ATM services to customers, regardless of the number of ATMs); fixed costs (those that are incurred when an additional ATM is brought on line); and variable transaction costs (those that increase as more transactions are made via ATMs).

Systemwide costs include: customer service expenses (PINs and the cost of problems and complaints); Regulation E compliance staff; software maintenance and support; pro rata share of computer and telecommunications equipment expense; and card-issuing costs. At one bank, such costs totaled $69,600 a month, broken down into $36,800 for central support (salary and benefits for staff and supervisors), $9,800 for systems, and $23,000 for day-to-day operations.

Fixed costs vary by type of ATM and by local market conditions. For example, at one institution, BAH uncovered the following figures. An in-lobby ATM ran $840 per month, broken down into $450 for depreciation, $240 in balancing and loading expense, and $150 in telecommunications cost. A through-the-wall ATM cost $1,057 a month because of higher depreciation charges. And a free-standing ATM was the costliest, at $1,630.

Variable costs depend on whether there is an in-house processing capability or whether an outside service bureau is utilized. One bank with significant in-house processing capability had costs ranging from 10 to 20 cents per transaction. But an institution that used service bureaus bore a much higher cost — from 30 to 50 cents per transaction.

□ □ □

ATM costs must, of course, be compared with those of traditional paper-based teller transactions. But customers use ATMs and tellers differently, so it is necessary to make some adjustments in order to determine relative efficiencies. BAH developed certain ratios as a means of equalizing ATM and teller transactions. For example, if the average cash withdrawal from an ATM is $50 while that from a teller window is $200, then, everything else being equal, it takes four ATM cash withdrawals to replace one teller cash withdrawal.

Having made these adjustments, the consultant determined that, at one institution, tellers are more cost effective than in-lobby ATMs at transaction levels of under 9,500 per month. At transaction volumes of less than 2,900, tellers are cheaper than any type of ATM, but nonproprietary shared ATMs are cheaper than proprietary ones.

At intermediate transaction volumes (2,900 to 9,500), tellers are still the cheapest, but proprietary ATMs become more cost effective than nonproprietary machines. But when volumes exceed 9,500, proprietary ATMs have the lowest monthly cost, outstripping tellers and, of course, nonproprietary systems.

BAH found that some commercial banks have achieved breakeven ATM volumes through aggressive marketing and incentives. But in a sample of five banks, only two had an appreciable number of ATMs with monthly volumes in excess of a breakeven level of 9,500.

Savings and loans, which have fewer transaction accounts than banks, typically have small and suboptimal ATM volumes. Thus, in three surveyed associations, none had ATMs whose volumes even remotely approached the breakeven level.

Some banks, however, need many fewer than 9,500 monthly transactions to break even — outstrip teller performance. For example, at institutions with highly efficient in-house processing capabilities (costs of about 15 cents per transaction), in-lobby ATMs bearing monthly fixed costs of as much as $1,800 may be more cost effective than tellers at transaction volumes of only 5,000 to 6,000. On the other hand, institutions employing service bureaus that charge, say, 40 cents per transaction may find that the cost lines converge only at astronomical volumes — i.e., in-lobby ATMs are almost never more efficient than teller transactions.

In the case of free-standing machines, fixed costs are often decisive. When monthly lease payments are relatively high, reflecting, say, the elevated cost of land, free-standing machines rarely cut the mustard. Given fixed monthly costs of between $3,000 and $4,000, such machines were found to be less cost effective than tellers at transaction volumes of under 12,000 or 13,000 — even for banks whose marginal processing cost was only about 15 cents.

Of course, whether machines beat tellers also depends to a large degree on the bank's salary level and on the nature of ATM transactions. Where teller compensation is high and there is a close equivalence (substitutability) between machine and teller transactions, ATMs may indeed prove viable at quite modest transaction volumes.

Thus, in one analysis which assumed, among other things, that (1) machines bore a fixed monthly cost of $750, (2) 80% of ATM transactions replaced teller transactions, and (3) tellers earned $25,000 a year in salary and benefits, machines were more cost effective than tellers at monthly volumes of 5,000. But if the tellers made $20,000, the same machines became economic only when ATM transaction volumes neared 10,000. And assuming teller salaries of $15,000, such machines were uneconomic even at transaction volumes of 15,000.

□ □ □

BAH finds that ATM volumes can be predicted based on neighborhood demographics and machine availability, which together explain 83% of the variation in machine activity across neighborhoods. Neighborhoods that contain large populations of people aged 20-34 are obviously the logical places to concentrate ATM installations.

Consider a neighborhood that contains 25,000 people aged 20-34 and 20 ATMs. Monthly transaction volume is estimated at 100,000, or 5,000 per machine. If the same neighborhood had only 10 ATMs, volume is projected to be 60,000, or 6,000 per machine. Thus, by analyzing its breakeven transaction levels and local market conditions, a bank can determine with a fair degree of accuracy whether a given area will support additional machine installations.

□ □ □

The ABA-BAH study offers a fascinating glimpse of the slippery world of ATM economics. Numerical analysis is treacherous because of the wide variance from the alleged averages.

Fixed monthly costs for in-lobby machines can vary by as much as $1,000 or more. As noted, marginal processing costs also range quite widely, depending on the extent of in-house processing capabilities.

Nonetheless it appears that, whatever the applicable numbers, a significant number of ATM installations are not currently cost effective — that is, they are less efficient than traditional paper-based teller systems.

To be sure, the decision on whether to invest in ATMs must be based on more than a simple numbers calculation. ATMs, emphasizes Booz-Allen, must be evaluated as part of an overall marketing strategy. As many banks have discovered, there may be a defensive justification for ATMs, since, without them, the bank could lose deposits to competitors that provide the service.

Still, some numerical exercises are essential. Banks must estimate how many deposits would be lost and the worth of these foregone funds. In justifying a strategy that targets younger customers, who are more likely to use an ATM, institutions must ask themselves whether the accounts are valuable now or only later. And if the accounts are not now profitable, banks must determine what current losses are justified in order to hold on to these customers until the relationships become profitable. ■

Something to Say?

Please direct any comments you may have to the editor, William Zimmerman, American Banker, One State Street Plaza, New York 10004. Letters may be edited for reasons of space and clarity.

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Top 50 Banks in 1987 Executive Remuneration

Compiled by American Banker, copyright 1988

Rank 1987	Rank 1986		Top Executive Remuneration 1987	1986	% Chg.	Top Executives	Individual Remuneration 1987	1986	% Chg.	Notes
1	2	**Bankers Trust New York Corp.**	3,100,000	2,450,000	+26.5%	Charles S. Sanford, Jr., 51 Ch of HC & Bankers Trust Co. since 7/1/87	1,750,000	1,150,000*	+52.2%	G,R,T,r,t
						Philip M. Hampton, 55 VC of HC and bank	1,350,000	.....	....	R,T
2	1	**J.P. Morgan & Co., Inc.**	2,268,334	2,613,250	-13.2%	Lewis T. Preston, 61 Ch of HC & Morgan Guaranty Trust Co.	1,289,792	1,490,000	-13.4%	R,T,r,t
						Dennis Weatherstone, 57 Pr of HC and bank	941,667	.....	....	R,T
3	8	**Norwest Corp.**	2,100,818	1,699,894	+23.6%	Lloyd P. Johnson, 57 Ch, Pr & CEO of HC	1,131,246	813,334	+39.1%	R,r,t
						Richard M. Kovacevich, 44 VC of HC & COO of Banking Group	969,572	.....	....	R
4	4	**Wells Fargo & Co.**	1,973,170	2,050,000	-3.7%	Carl E. Reichardt, 56 Ch of HC	1,140,335	1,200,000	-5.0%	R,T,r,t
						Paul Hazen, 46 Pr of HC	832,835	850,000	-2.0%	R,T,r,t
5	5	**Chase Manhattan Corp.**	1,900,688	2,040,107	-6.8%	Willard C. Butcher, 61 Ch & CEO of HC and Chase Manhattan Bank NA	1,103,088	1,189,397*	-7.3%	R,T,r,t
						Thomas G. Labrecque, 49 Pr & COO of HC and bank	797,600	850,710*	-6.2%	R,r,t
6	6	**Security Pacific Corp.**	1,744,000	1,964,800	-11.2%	Richard J. Flamson III, 58 Ch & CEO of HC	1,009,200	1,135,800	-11.1%	r,t
						George F. Moody, 57 Pr & COO of HC	734,800	829,000	-11.4%	r,t
7	10★	**Fleet/Norstar Financial Group, Inc. (#)**	1,663,618	1,536,763	+8.3%	Peter D. Kiernan, 64 Ch of Norstar Bancorp, Inc.	832,977	761,763	+9.3%	T
						J. Terrence Murray, 48 Pr of Fleet Financial Group, Inc.	830,641	775,000	+7.2%	
8	27	**Mellon Bank Corp.**	1,597,500	1,186,383	+34.7%	Frank V. Cahouet, 55 Ch & CEO of HC & Mellon Bank NA (since 6/22/87)	900,000	.....	....	G,R
						Anthony P. Terracciano, 49 Pr of HC and bank (since 7/24/87)	697,500	.....	....	G,R
9	14	**Midlantic Corp.**	1,574,401	1,367,739	+15.1%	Robert van Buren, 62 Ch & CEO of HC and Midlantic National Bank, Newark	940,862	841,737	+11.8%	R,r,t
						Roy T. Peraino, 59 Pr of HC and Ch of Continental Bank, Norristown	633,539	411,659	+53.9%	R
10	20	**Sovran Financial Corp.**	1,561,944	1,263,364	+23.6%	C.A. Cutchins, III, 64 Ch & CEO of HC and Sovran Bank NA, Richmond	864,969	697,309	+24.0%	R,T,r
						C. Coleman McGehee, 63 Pr & COO of HC and bank	696,975	566,055	+23.1%	R,T,r
11	13	**Bank of New York Co. Inc.**	1,547,681	1,402,974	+10.3%	J. Carter Bacot, 55 Ch & CEO of HC & Bank of New York	932,290	845,446	+10.3%	R,T,r
						Peter Herrick, 61 Pr of HC and bank; COO of bank	615,391	557,528	+10.4%	R,T,r
12	11	**First Union Corp.**	1,525,281	1,483,689	+2.8%	Edward E. Crutchfield, Jr., 46 Ch & CEO of HC	938,906	852,552	+10.1%	R,T,r
						Ben T. Craig, 55 Pr of HC	586,375	631,137	-7.1%	R,T,r
13	26	**Bank of Boston Corp.**	1,510,000	1,193,400	+26.5%	William L. Brown, 65 Ch of First National Bank, Boston	874,000	755,400	+15.7%	R,T,h,r
						Ira Stepanian, 51 Pr & CEO of the bank	636,000	438,000	+45.0%	R,T,h,r,t
14	7	**First Chicago Corp.**	1,496,840	1,702,994	-12.1%	Barry F. Sullivan, 57 Ch of HC & First National Bank of Chicago	879,215	996,593	-11.8%	R,r
						Richard L. Thomas, 57 Pr of HC and bank	617,625	706,401	-12.6%	R,T,r,t
15	33	**BankAmerica Corp.**	1,483,333	1,150,000	+29.0%	A.W. Clausen, 65 Ch & CEO of HC	775,000	575,000	+34.8%	g,r
						F.N. Newman, 45 VC, CFO & Tr of HC	708,333	....	....	
16	25	**Continental Illinois Corp.**	1,450,000	1,200,000	+20.8%	John E. Swearingen, 69 Ch of HC (until 7/31/87)	800,000	600,000	+33.3%	P,r
						Thomas C. Theobald, 50 Ch of HC & Continental Illinois NB&T Co. (since 8/1/87)	650,000	....	....	G,R
17	32	**Bank of New England Corp.**	1,439,232	1,150,449	+25.1%	Walter J. Connolly, Jr., 59 Ch of HC	847,892	653,564	+29.7%	R,r
						Peter H. McCormick, 51 Pr of HC	591,340	496,885	+19.0%	R,r,t
18	9	**Manufacturters Hanover Corp.**	1,417,688‡	1,586,575	-10.6%	John F. McGillicuddy, 57 Ch CEO of HC & Manufacturers Hanover Trust Co.	818,810‡	909,735	-10.0%	R
						John R. Torell III, 48 Pr of HC and bank	598,878‡	676,840	-11.5%	R
19	3	**Citicorp**	1,405,300	2,064,766	-31.9%	John S. Reed, 49 Ch of HC & Citibank NA	840,300	1,183,933	-29.0%	R,T,r,t
						Hans H. Angermueller, 63 VC of HC and bank	565,000	.....	.....	R,T
20	16	**Boatmen's Bancshares, Inc.**	1,377,949†	1,312,489	+5.0%	Donald N. Brandin, 66 Ch & CEO of HC	885,324†	810,468†	+9.2%	R,T,r
						Andrew B. Craig, III, 56 Pr of HC	492,625†	502,021†	-1.9%	r
21	15	**NBD Bancorp., Inc.**	1,360,024	1,346,981	+1.0%	Charles T. Fisher, III, 58 Ch & Pr of HC	913,933	865,052	+5.7%	
						Thomas H. Jeffs, II, 49 VC of HC	446,091	.....	....	
22	40	**Banc One Corp.**	1,352,107	1,087,060	+24.4%	John B. McCoy, 44 Ch of HC	835,607	621,506	+34.4%	
						Frank E. McKinney, Jr., 49 Pr of HC; Ch of Banc One Indiana Corp.	516,500	465,554	+10.9%	
23	35	**PNC Financial Corp.**	1,349,000	1,134,592	+18.9%	Thomas H. O'Brien, 50 Pr & CEO of HC	793,000	605,470	+31.0%	R,T,r,t
						Roger S. Hilas, 60 Ch of HC and Ch & CEO of Provident National Bank, Philadelphia	556,000	529,122	+5.1%	R,r
24	17	**First Interstate Bancorp.**	1,347,875	1,300,032	+3.7%	J.J. Pinola, 62 Ch & CEO of HC	808,725*	786,791*	+2.8%	R,T,r,t
						Edward M. Carson, 58 Pr of HC	539,150*	513,241*	+5.0%	R,T,r,t
25	10	**Irving Bank Corp.**	1,301,708	1,490,250	-12.7%	Joseph A. Rice, 63 Ch & CEO of HC & Irving Trust Co.	792,500	905,125	-12.5%	
						Samuel F. Chevalier, 53 Pr of HC and VC of bank	509,208	585,125	-13.0%	

Executive remuneration, as defined by American Banker, is total compensation — whether current or deferred — paid or credited for services during 1987 to the two highest paid officers of the organization. **Included are the following:** salary, bonus and incentive payments, profit sharing, and all other remuneration such as insurance premiums, club membership fees, and tax service fees paid by the corporation for the executive. **Excluded are the following:** pension plan payments; retirement plan payments or accruals; stock options exercised; stock appreciation rights; and contingent long-term bonus payments which are based on the company's performance for a period greater than one year. The American Banker ranking is based on total remuneration paid to the top two executives of the company. The corporation's rankings for both 1987 and 1986 are shown to the left of the corporation's name. Total remuneration for the top two executives, for both 1987 and 1986, is reported to the nearest dollar in the column entitled **"Top Executive Remuneration".** The compensation paid for executives number one and number two for both 1987 and 1986 appear in the column entitled **"Individual Remuneration."** All footnotes that are relevant to the compensation figures reported for each executive— except those dealing with long-term incentive awards— appear in the column labeled **"Notes".** Footnotes which refer to 1987 data are capitalized and footnotes referring to 1986 data are lower case. The titles shown for the executives are those for which they received compensation, excluding directorships. **Title abbreviations:** CAO— Chief Accounting Officer; CEO— Chief Executive Officer; CEx— Chairman of the Executive Committee; CFO— Chief Financial Officer; CLO— Chief Lending Officer; Ch— Chairman of the Board; CM— Chairman of the Management Committee; COO— Chief Operating Officer; DCh— Deputy Chairman of the Board; EVP— Executive Vice President; HC— Holding Company; Pr— President; Sec— Secretary; SE— Sector Executive; SEVP—Senior Executive Vice President; SrCh—Senior Vice Chairman of the Board; Tr— Treasurer; VC— Vice Chairman; and VP— Vice President. **NOTES: G,g—** Includes latest salary during the year, at an annual rate, for an officer hired or promoted during the year. **H,h—** Also received a bonus in stock. **P,p—** Includes salary at an annual rate for an officer who left the firm or retired during the year. **R,r—** Also granted stock options. **T,t—** Stock options exercised during the year. **V,v—** Includes cash value of award in stock. Footnotes dealing with long-term compensation appear immediately after the compensation figure reported for each executive. **(†)—** Long-term compensation is included in the remuneration total reported to American Banker by the banking firm, who was unable or unwilling to remove that component from the total. **‡—** Includes dividends on stock received under long-term incentive plan. **(*)—** Executive also received a long-term cash compensation award, which is not included in the remuneration total shown. **(#)—** On 1/1/88, Fleet Financial Group, Inc., Providence, R.I., and Norstar Bancorp., Albany, N.Y., merged to form Fleet/Norstar.

Top 50 Banks in 1987 Executive Remuneration

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Rank 1987	Rank 1986		Top Executive Remuneration 1987	1986	% Chg.	Top Executives	Individual Remuneration 1987	1986	% Chg.	Notes
26	..	**Equitable Bancorp.**	1,301,396	.....	.....	H. Grant Hathaway, 60 Pr & CEO of HC; Ch & CEO of Equitable Bank	688,894	.....	.....	R,T
						Alfred Lerner, 54 Ch of HC	612,502	.....	.....	R
27	29	**Shawmut National Corp. (#)**	1,294,994	1,169,752	+10.7%	Joel B. Alvord, 49 Pr. & CEO of HC	685,000*	583,106	+17.5%	R,T,r,t
						John D. LaWare, 59 Ch of HC	609,994*	649,703†[2]	-6.1%	R
28	21	**National Westminster Bank USA**	1,285,984	1,257,613	+2.3%	William T. Knowles, 53 Ch & CEO	756,992	719,867	+5.2%	
						Robert F. Wallace, 53 Pr & COO	528,992	537,746	-1.6%	
29	..	**Comerica, Inc.**	1,285,732	N.A.	.....	Donald R. Mandich, 62 Ch & CEO of HC	752,472	.....	.....	R,T
						Eugene A. Miller, 50 Pr & CAO of HC	533,260	N.A.	.....	R,T
30	49[1]	**CoreStates Financial Corp.**	1,284,490	1,015,331	+26.5%	G. Morris Dorrance, Jr., 65 Ch & CEO of HC	743,672	625,468	+18.9%	R,r,t
						Terrence A. Larson Pr & COO of HC	540,818	.....	.....	R
31	36	**Barnett Banks, Inc.**	1,259,850	1,129,600	+11.5%	Charles E. Rice, 52 Ch & CEO of HC	840,000	733,200	+14.6%	R,r,t
						Albert D. Ernest, Jr., 57 VC of HC	419,850	396,400	+5.9%	R,T,r
32	38	**First Hawaiian, Inc.**	1,235,369	1,098,470	+12.5%	John D. Bellinger, 64 Ch & CEO of HC and First Hawaiian Bank	805,009	701,439	+14.8%	v
						Walter A. Dods, Jr., 46 EVP of HC and Pr of bank	430,360	397,031	+8.4%	v
33	18	**First Wachovia Corp.**	1,232,455	1,297,499	-5.0%	John G. Medlin, Jr., 54 Ch, Pr & CEO of HC	785,286	663,925	+18.3%	r,t
						D. Raymond Riddle, 54 Ch of HC	447,169	.....	.....	T
34	28	**Northern Trust Corp.**	1,208,336	1,183,155	+2.1%	Weston R. Christopherson, 62 Ch & CEO of HC & Northern Trust Co.	787,350	793,616	-0.8%	
						David W. Fox, 56 Pr & COO of HC and bank (since 4/21/87); VC of HC and bank (until 4/21/87)	420,986	389,539	+8.1%	R,T,h,r,t
35	34	**Equimark Corp.**	1,164,656	1,141,657	+2.0%	Alan S. Fellheimer, 44 Ch & CEO of HC	777,990	770,362	+1.0%	R
						Claire W. Gargalli, 45 Ch of Equibank, Pittsburgh	386,666	371,295	+4.1%	R
36	47	**City National Corp.**	1,151,068	1,027,749	+12.0%	Bram Goldsmith, 65 Ch & CEO of HC & City National Bank, Beverly Hills	821,061	763,749	+7.5%	
						Alexander Kyman, 58 Pr of HC and bank	330,007	264,000	+25.0%	R,T,t
37	41	**U.S. Trust Corp.**	1,150,500	1,067,500	+7.8%	Daniel P. Davison, 62 Ch & CEO of HC	689,750*	653,192*	+5.6%	R,T,t
						H. Marshall Schwartz, 51 Pr of HC	460,750*	414,308*	+11.2%	R,T,r,t
38	50[2]	**State Street Boston Corp.**	1,130,503	1,011,441	+11.8%	William S. Edgerly, 61 Ch of HC	657,002	584,627	+12.4%	
						Peter E. Madden, 46 Pr of HC	473,501	426,814	+10.9%	R,T
39	46	**Southeast Banking Corp.**	1,127,400	1,029,400	+9.5%	Charles J. Zwick, 61 Ch & CEO of HC	617,000	556,000	+11.0%	R,r
						John E. Porta, 56 Pr & COO of HC	510,400	473,000	+7.9%	R,r
40	12	**First Bank System, Inc.**	1,111,582	1,435,709	-22.6%	DeWalt H. Ankeny, Jr., 55 Ch & CEO of HC	590,811*	785,476	-24.8%	R,T,r,t
						Dennis E. Evans, 49 Pr & COO of HC	520,771*	650,233	-19.9%	R,T,r,t
41	19	**Chemical New York Corp. (#)**	1,105,000	1,267,500	-12.8%	Walter V. Shipley, 53 Ch of HC and Chemical Bank	580,000*	727,500*	-20.3%	
						Ben F. Love, 63 Ch of Texas Commerce Bancshares	525,000	525,000	0.0%	r
42	66	**Bancorp. Hawaii, Inc.**	1,092,173	797,837	+36.9%	Frank J. Manaut, 63 Ch & CEO of HC	585,111	427,701	+36.8	R
						H. Howard Stephenson, 58 Pr of HC	507,062	370,136	+37.0	R,T,r,t
43	39	**Society Corp.**	1,084,873	1,087,984	-0.3%	Gordon E. Heffern, 63 Ch of HC and Society National Bank	586,623	676,016	-13.2%	T,t
						Robert W. Gillespie, 43 CEO & Pr of HC and bank	498,250	411,968	+20.9%	R,T,t
44	..	**KeyCorp.**	1,082,471	N.A.	.....	Victor J. Riley, Jr., 56 PR & CEO of HC	715,044	.....	.....	R
						Curtis M. Carlson, 60 EVP-Finance of HC	367,427	.....	.....	R
45	..	**Harris Bankcorp., Inc.**	1,072,110	N.A.	.....	B. Kenneth West, 54 Ch & CEO of HC	614,432	.....	.....	
						Philip A. Delaney, 59 Pr of HC	457,678	.....	.....	
46	42	**Citizens & Southern Corp.**	1,070,514	1,064,535	+0.6%	Bennett A. Brown, 58 Ch & CEO of HC	609,574	612,382	-0.5%	R,r
						John W. McIntyre, 57 Pr & CEO of National Bank of Georgia, Atlanta	460,940	452,153	+1.9%	R,r
47	54	**United Jersey Banks**	1,053,529	948,769	+11.0%	T. Joseph Semrod, 51 Ch & Pr of HC	700,529	622,077	+12.6%	R
						Clifford H. Coyman, 60 Pr of United Jersey Bank	353,000	326,692	+8.1	R
48	23	**Republic New York Corp.**	1,047,856	1,241,750	-15.6%	Walter H. Weiner, 57 Ch of HC and Republic National Bank	554,531	660,850	-16.1%	
						Jacques Tawil, 61 VC of HC and bank	493,325	580,900	-15.1%	
49	51[2]	**SunTrust Banks, Inc.**	1,017,500	995,600	+2.2%	Robert Strickland, 60 Ch & CEO of HC	515,000*	504,350	+2.1%	R,T,r
						Joel R. Wells, Jr., 59 Pr of HC	502,500	491,250	+2.3%	R,r,t
50	..	**First Pennsylvania Corp.**	1,000,383	N.A.	.....	George A. Butler, 60 Ch & CEO of HC	613,230	.....	.....	
						Frank E. Reed, 52 Pr & COO of HC	387,153	.....	.....	

Executive remuneration, as defined by American Banker, is total compensation — whether current or deferred — paid or credited for services during 1987 to the two highest paid officers of the organization. **Included are the following:** salary, bonus and incentive payments, profit sharing, and all other remuneration such as insurance premiums, club membership fees, and tax service fees paid by the corporation for the executive. **Excluded are the following:** pension plan payments; retirement plan payments or accruals; stock options exercised; stock appreciation rights; and contingent long-term bonus payments which are based on the company's performance for a period greater than one year. The American Banker ranking is based on total remuneration paid to the top two executives of the company. The corporation's rankings for both 1987 and 1986 are shown to the left of the corporation's name. Total remuneration for the top two executives, for both 1987 and 1986, is reported to the nearest dollar in the column entitled **"Top Executive Remuneration".** The compensation paid for executives number one and number two for both 1987 and 1986 appear in the column entitled **"Individual Remuneration."** All footnotes that are relevant to the compensation figures reported for each executive— except those dealing with long-term incentive awards— appear in the column labeled **"Notes".** Footnotes which refer to 1987 data are capitalized and footnotes referring to 1986 data are lower case. The titles shown for the executives are those for which they received compensation, excluding directorships. **Title abbreviations:** CAO— Chief Accounting Officer; CEO— Chief Executive Officer; CEx— Chairman of the Executive Committee; CFO— Chief Financial Officer; CLO— Chief Lending Officer; Ch— Chairman of the Board; CM— Chairman of the Management Committee; COO— Chief Operating Officer; DCh— Deputy Chairman of the Board; EVP— Executive Vice President; HC— Holding Company; Pr— President; Sec— Secretary; SE— Sector Executive; SEVP—Senior Executive Vice President; SrCh—Senior Vice Chairman of the Board; Tr— Treasurer; VC— Vice Chairman; and VP— Vice President. **NOTES: [1]—** Revised. Rank company would have had if data had been available. **[2]—** Revised. **G,g—** Includes latest salary during the year, at an annual rate, for an officer hired or promoted during the year. **H,h—** Also received a bonus in stock. **P,p—** Includes salary at an annual rate for an officer who left the firm or retired during the year. **R,r—** Also granted stock options. **T,t—** Stock options exercised during the year. **V,v—** Includes cash value of award in stock. Footnotes dealing with long-term compensation appear immediately after the compensation figure reported for each executive. **(†)—** Long-term compensation is included in the remuneration total reported to American Banker by the banking firm, who was unable or unwilling to remove that component from the total. **‡—** Includes dividends on stock received under long-term incentive plan. **(*)—** Executive also received a long-term cash compensation award, which is not included in the remuneration total shown. **(#)—** On 2/29/88, Hartford National Corp. acquired Shawmut Corp., Boston, and changed title.

EXECUTIVE REMUNERATION

Post-50 Ranking of Banks in 1987 Executive Remuneration

Based on remuneration paid to the two highest paid officers of the organization

Rank 1987	Rank 1986		Remuneration 1987	1986	% Chg.
51	..	Wilmington Trust Co., DE	998,755	.....	....
52	24	Union Bancorp., Los Angeles	970,683	1,217,023	-20.2
53	52	Huntington Bancshares, Inc., Columbus, OH	969,600	986,200	-1.7
54	..	Imperial Bancorp., Englewood, CA	959,854	.....	....
55	..	Exchange International Corp., Chicago	955,882	.....	....
56	61	Meridian Bancorp., Inc., Reading, PA	954,782	889,183	+7.4
57	70	Dominion Bankshares Corp., Roanoke, VA	934,453	705,815	+32.4
58	NA	U.S. Bancorp., Portland, OR	923,943	.....	....
59	30	Marine Midland Banks, Inc., Buffalo, NY	921,376	1,166,173	-21.0
60	68	BayBanks, Inc., Boston	874,459	750,418	+16.5
61	..	Valley National Bancorp, Clifton, NJ	864,433	.....	....
62	65	Centerre Bancorp., St. Louis	862,908	826,681	+4.4
63	55	Mercantile Bancorpation, Inc., St. Louis	857,500	923,396	-7.1
64	63	First City Bancorpation of Texas, Inc. Houston	852,083	852,083	0.0
65	58	National City Corp., Cleveland	851,583	905,583	-6.0
66	NA	Old Kent Financial Corp., Grand Rapids, MI	835,000	.....	....
67	..	First Maryland Bancorp., Baltimore	821,000	632,500	+29.8
68	..	Fifth Third Bancorp, Cincinnati	796,306	.....	....
69	..	First Colonial Bankshares Corp., Chicago	786,318	.....	....
70	NA	Whitney Holding Corp., New Orleans	775,000	.....	....
71	60	AmSouth Bancorp., Birmingam, AL	773,816	897,649	-13.8
72	NA	First Alabama Bancshares, Inc., Montgomery	765,263	.....	....
73	44	Signet Banking Corp., Richmond	757,313	1,054,994	-28.2
74	69	First Wisconsin Corp., Milwaukee	753,000	716,800	+5.1
75	NA	Marshall & Ilsley Corp., Milwaukee	750,000	.....	....
76	..	First of America Bank Corp., Kalamazoo, MI	745,988	660,129	+13.0
77	..	Mercantile Bankshares Corp., Baltimore	745,908	.....	....
78	48	Indiana National Corp., Indianapolis	740,254	1,016,603	-27.2
79	78	South Carolina National Corp., Columbia	729,867	579,394	+26.0
80	43	NCNB Corp., Charlotte, NC	722,500	1,055,000	-31.5

Footnotes: American Banker surveyed the top 200 banking firms in the U.S. this year to rank the 80 largest banking firms in remuneration paid their two highest paid officers in 1987. In 1986, only the top 100 firms were surveyed to rank the 70 largest banking firms in remuneration paid their two highest paid officers in 1986. Please note that four major banking firms did not participate in this year's survey. They are: Manufacturers National Corp., Detroit, which ranked 53d in 1986 with $952,575 paid to its two highest paid officers; First Fidelity Bancorp., Newark, N.J., which ranked 37th in 1986 with $1,118,648 paid to its two highest paid officers; AmeriTrust Corp., Clevland, which ranked 62d with $871,320; and First RepublicBank Corp., Dallas, which was 57th with $916,942 in 1986.

Bankers Trust Tops List of High-Paying Bank Companies

➳ Continued from Page 1

nies that pay executives the most.

Executive remuneration, as defined by the *American Banker*, is total compensation — whether current or deferred — paid or credited for services during 1987 to the two highest-paid officers of the company. Included are salary, bonus and incentive payments, profit sharing, and all other remuneration related to 1987 services, as identified on proxy statements. Excluded are pension plan payments, retirement plan payments or accruals, stock options exercised, stock appreciation rights, and contingent, long-term bonus payments.

Charles S. Sanford Jr. and Philip M. Hampton — chairman and vice chairman, respectively, of Bankers Trust — were paid a combined $3.1 million for their services in 1987, a 26.5% increase over the previous year's total. Mr. Sanford took over as chairman last July, when Alfred Brittain 3d retired from that position. Mr. Brittain had been chairman of Bankers Trust since 1975.

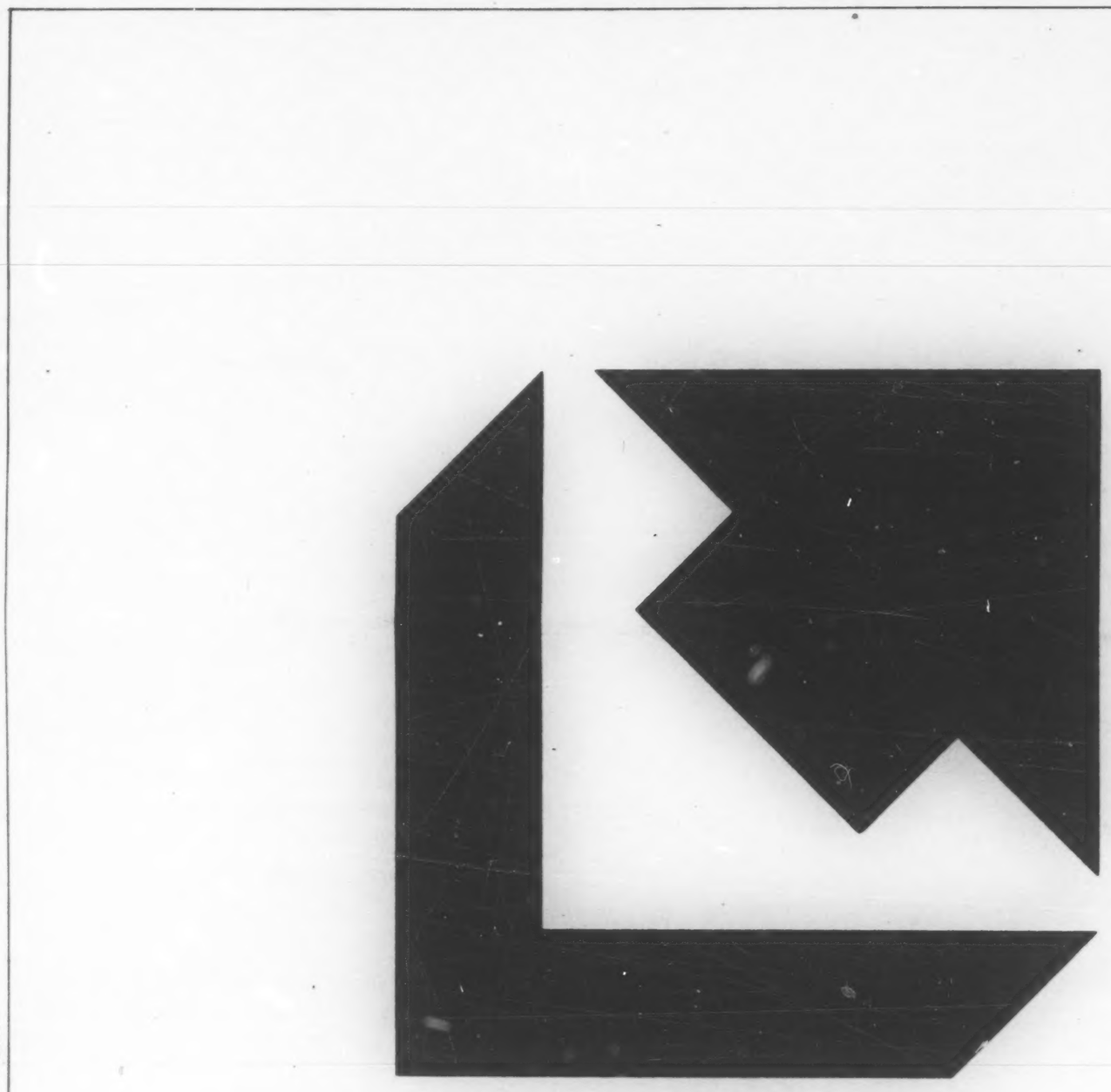
Bankers Trust has been paying steadily more to compensate its two top executives since 1982, when it ranked eighth. Last year marked the first time the New York money center bank occupied the top spot, which had been held by J.P. Morgan since 1984. Further, Mr. Sanford's 52.2% raise to $1.8 million made him the highest-paid banker in the United States. Vice chairman Hampton occupied the No. 2, with $1.4 million in compensation, and was followed by four of the company's executive vice presidents: Edward A. Lesser, Ralph L. MacDonald Jr., Eugene B. Shanks Jr., and George J. Vojta. Each of the four was paid $1.3 million last year.

Lewis T. Preston, chairman of Morgan, who had been the highest-paid banker since 1984, was the seventh highest paid banker in the country last year. Mr. Preston's remuneration totaled $1.3 million, a decrease of 13.4% from $1.5 million in 1986. The rest of the top 10 bankers are: Carl E. Reichardt, chairman of Wells Fargo & Co., San Francisco; Lloyd P. Johnson, chairman, president, and chief executive officer of Norwest Corp., Minneapolis; and Willard C. Butcher, chairman and chief executive officer of Chase Manhattan Corp.

Total at Bankers Trust Up 41.4%

Total employee pay and benefits at Bankers Trust were up 41.4% in 1987. In fact, Bankers Trust had the much publicized distinction of paying its top foreign currency trader more than $2 million in salary and bonuses last year.

Bankers Trust: Page 16 ➳



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Bankers Trust Leads Pack in Executive Compensation

Continued from Page 11

The trader, Andrew Kreiger, left Bankers Trust in February.

Though Mr. Kreiger's 1987 compensation exceeded that of the chairman, observers note that it is a growing practice to reward experts and specialists for their performance. In the fourth quarter of 1987, Bankers Trust earned almost $340 million in pretax dollars in currency trading.

From 1986 to 1987, remuneration to the top two executives of the 50 banking companies increased 4.4%. Last year, these companies paid the executives a combined $69.6 million, versus $66.7 million in 1986. (First Fidelity Bancorp., Newark, N.J., and Manufacturers National Corp., Detroit, which ranked 37 and 53 respectively in 1986, were unable to provide compensation data for 1987.)

Of the 19 banking companies reporting double-digit increases for their top two executives, 13 were superregionals. At those firms, remuneration for the top two executives was up 22.1%.

Half of the 50 banking companies listed today are superregionals, with 15 of those in the top 25.

Louis Brindisi Jr., practice director of the New York office of the Management Compensation Group, Los Angeles, believes the superregional banking companies' entry into and dominance of the listing is directly related to "the superregionals performing better" than many of the money center banks.

Also, Mr. Brindisi points out, the capitalization of the superregionals is approaching that of the big banks. He expects the gap between money center and the superregional executive pay scales to narrow in the future.

The Management Compensation Group fashions total compensation strategies for companies to maximize shareholder profit. The firm has offices in New York, Chicago, and Washington.

Among the companies that fell to their lowest levels in executive remuneration was Manufacturers Hanover Corp., New York, which dropped to 18th from 9th place in 1986. The company's top two executives took a 10.6% decrease in compensation, to $1.4 million.

Citicorp plummeted to 19 in 1987 from from the No. 3 spot in 1986. The top two officers of the nation's largest banking company took a 31.9% cut in compensation, to $1.4 million. Irving Bank Corp., New York, fell to 25 from 10, reducing its top officers' compensation 12.7%. Chemical New York Corp. fell to 41 in 1987 from 19 the previous year. Chemical's top two officers saw their compensation fall 12.8%, to $1.1 million.

Other Survey Findings

• Companies that dropped out of the top 50 banking companies in executive compensation are: Union Bancorp., Los Angeles, to 52 from 24; Marine Midland Banks Inc., Buffalo, to 59 from 30; NCNB Corp., Charlotte, N.C., to 80 from 43; Signet Banking Corp., Richmond, Va., to 73 from 44; and Indiana National Corp., Indianapolis, to 78 from 48.

• Ten of the companies listed today reported a new second-in-command. Sixty-eight of the 100 officers shown in the tables were granted stock options in 1987, and 38 exercised stock options last year.

• Because some information was received too late to be included in today's survey, Norwest Corp., ranked No. 3, should show total compensation for its top two executives of $2.1 million, up 24.5%. The second highest paid executive should be Richard S. Levitt, vice chairman and chief operating officer of the specialized financial group. Mr. Levitt's 1987 remuneration totaled $1 million, an increase of 12.9% from the previous year. ■

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S&P said it believes that, in a worst-case scenario, Congress would guarantee payment of Fico bond interest. Principal on the Fico bonds is secured by zero coupon Treasury bonds. ■

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